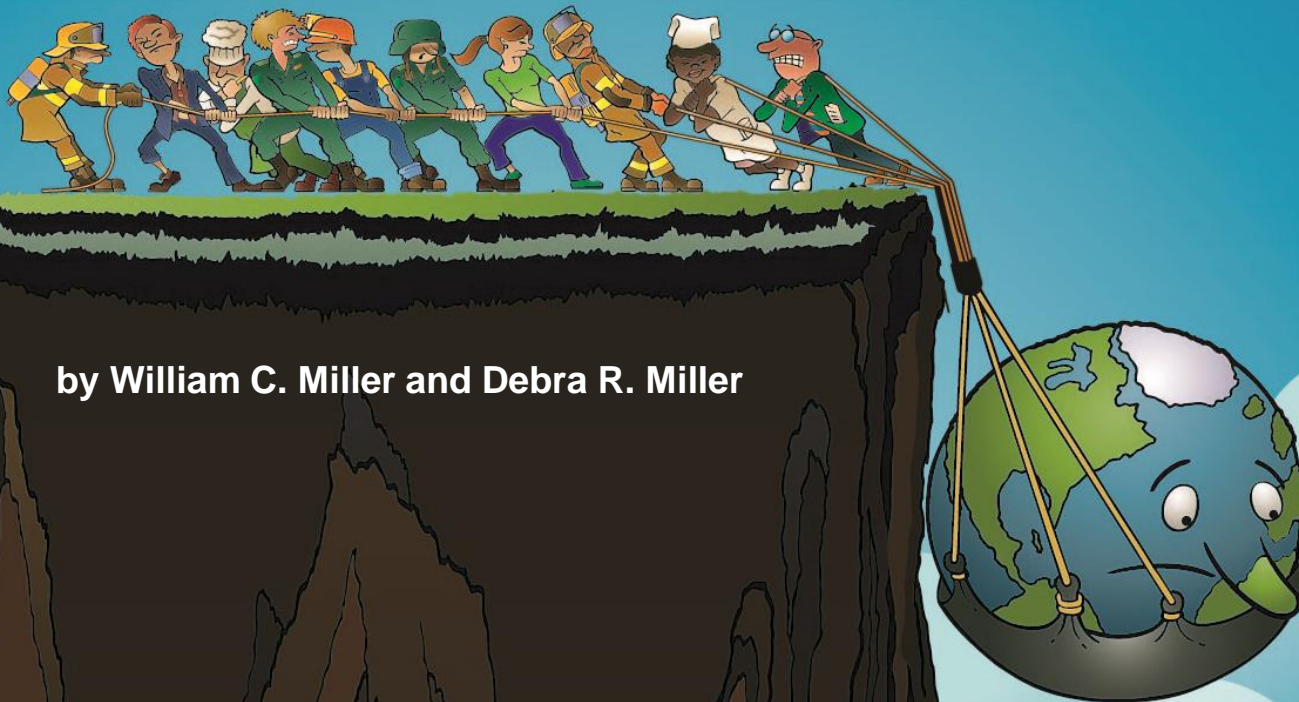
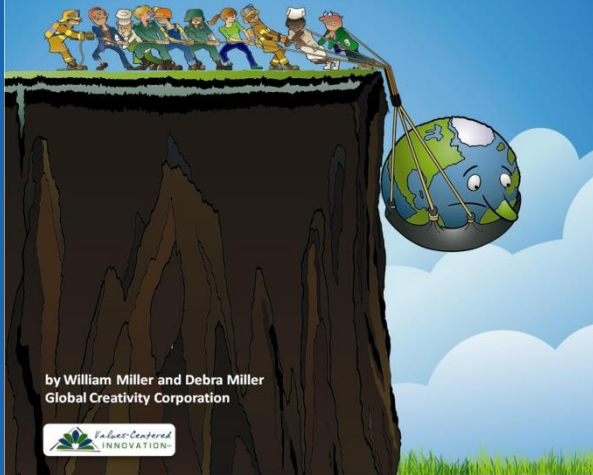


Bringing Human Values to the Forefront of Corporate Innovation



by William C. Miller and Debra R. Miller

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Human Values
to the Forefront
of Corporate
Innovation



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This slide deck contains excerpts from the
full-length white paper, which is available at:

www.VCIhome.com

On a grand scale...

The history of humankind can be told as the epic story of humanity's *innovations* in art, religion, science, commerce, technology, and culture.

*Some innovations may be incremental,
while others radical, but they're all
innovations none the less.*

On a more personal scale...

Innovative work is something each one of us can participate in.

Making a work process more efficient

Generating and sharing new knowledge

Coming up with a new way to generate revenue

Fostering better relationships with stakeholders

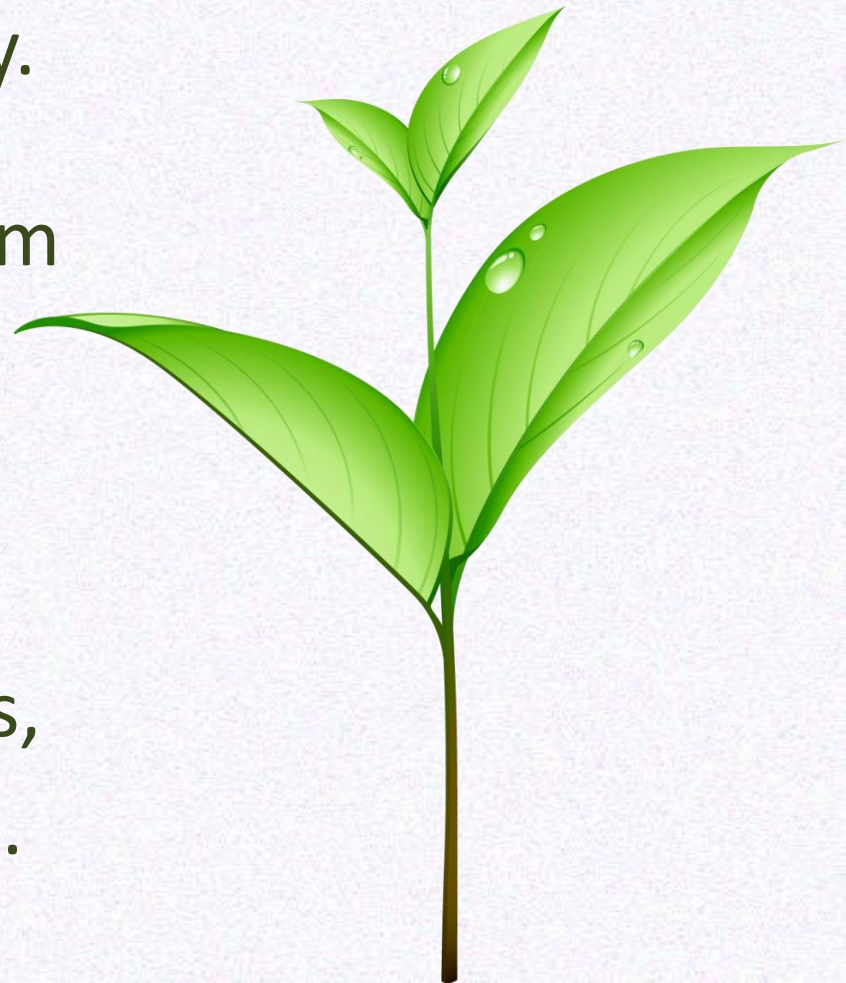
Changing the mind-set and climate for innovation



But what stimulates and
guides us to innovate in
the first place?

From our research and experience in corporate consulting and management, *innovation is energized, motivated, and guided by our values – consciously or unconsciously.*

The word “value” comes from the Latin word *valēre: to be strong or to be of worth*. So our values are what we hold to be “of strong worth” to us, *what’s most important to us.*



Values are the
“raison d’être”

(the “reason of being”)

for innovation

Case in point - Ananth Raman

Ananth Raman, chairman of an American manufacturing company called Graphtex Inc., was once introducing the quality standards of “ISO 9000” to his company.



Quality was one of the values that Ananth wanted to operationalize at a new level, through new innovations in quality control.

Workers in the company’s “job shop” were worried and resistant.

Case in point - Ananth Raman

Then Ananth took time to reflect:

“I saw that all of this was simply talking about unity of thought, word, and action. So, I called in my employees and told them, ‘This is nothing but the concept of having what you feel, what you write and how you act be the same. This is all that ISO 9000 is about.’ They understood the concept very easily.”

Case in point - Ananth Raman

After a while, the momentum grew, as Ananth recalls:

“They started raising all of these questions throughout the departments; I was amazed at the chain reaction that began.”

It was the employees' dedication to working in accord with the value of “unity of thought, word, and action” that energized their desire to find innovative solutions to their quality challenges.

Value-based versus values-based

“Value” refers to the tangible and intangible benefits delivered to stakeholders: “a fair return or equivalent in goods, services, or money for something exchanged.”

“Values” refers to the motivating factors that inform and drive our innovative efforts; from the front end of the process to the finish, whatever those motivating factors might be.

Values, commitment and innovation

In our experience, individual and group values have not been fully appreciated and understood as a driver for innovation.

When we are aware of our own values, we naturally strive to find a way to express them through our work.

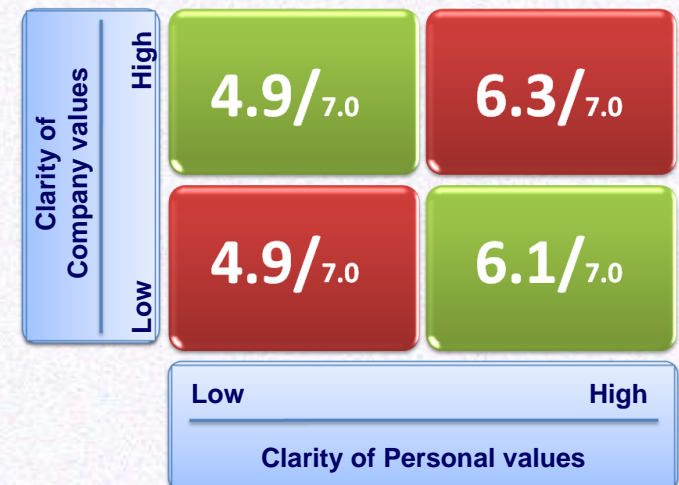
Our awareness of what's important raises the level of personal dedication, and commitment to innovate.

Research findings...

Research by Barry Posner, Dean of the School of Business at Santa Clara University, and W. H. Schmidt showed that *commitment to our work is more related to our clarity about personal values than clarity about company values.*

Their research showed two significant findings:

- First, clarity of personal values corresponds to a much higher level of commitment to work – by as much as 30%.
- Second – perhaps surprisingly – clarity of company values played no role in the increase in commitment



Whether we realize it or not, values impel and guide the entire process of innovation from start to finish, including how our front-end choice of values can impact the back-end value that results.



The best and worst of innovation

It's not hard to see the positive and negative impact that the human propensity for innovation has had on our quality of life:

- On the one hand, we innovate new financial products and services to help people invest in their own future. On the other hand, we gamble with these investment products by betting on an ever-upward market, culminating in the “economic tsunami” now impacting the globe.
- On the one hand we can generate nuclear power. On the other hand, we have nuclear weapons and hard-to-store nuclear by-products.

The best and worst of innovation

- On the one hand we are increasing crop yields through pesticides and fertilizers to feed a growing planetary population. On the other hand, the chemicals are causing toxicity to our groundwater and food chain.
- On the one hand, we have innovated with job design and job enrichment to empower people with more complex and self-affirming jobs. On the other hand, with the allure, power, and demands of these jobs, we have fostered a new breed of workaholics, leading to an epidemic of work-life imbalance.

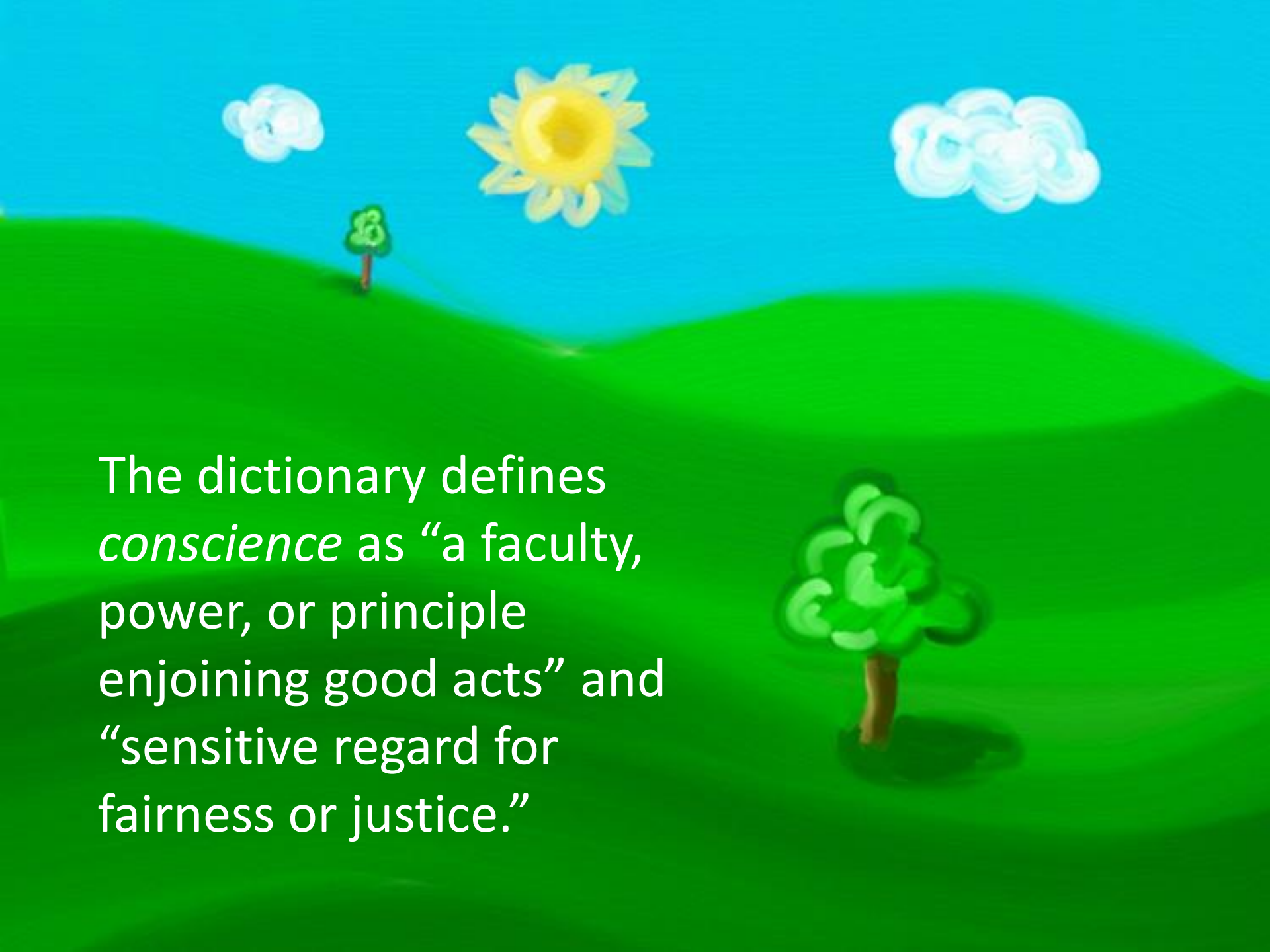
Thus, there has been a great positive and negative impact that the human propensity for innovation has had on the world...



Our need today...

Given the magnitude of economic, political, social, and quality-of-life challenges that face us today, the call now is not just for *more* innovation.

Rather, the call is for innovation that is motivated to achieve more consistently positive and systemically beneficial outcomes: *innovation with a conscience*.



The dictionary defines
conscience as “a faculty,
power, or principle
enjoining good acts” and
“sensitive regard for
fairness or justice.”

Innovation with a conscience

“Innovation with a conscience” is innovation that is informed, inspired, and guided by our higher human nature characterized by *human values*.

“Human values” are the *positive, enduring qualities of good character* that are found in all cultures around the world, throughout time.

Wisdom texts from around the world teach us that human values are inherent in our higher human nature – values that bring out our best as human beings and create a sustainable, healthy society.

Intention - Connection - Action

Through our research, we have identified three distinct orientations to human values that shape and guide our innovative work:

- **INTENTION:** Human Values for setting a positive, broadminded, meaningful purpose and direction
- **CONNECTION:** Human Values for initiating respectful, caring, trustworthy relationships with others
- **ACTION:** Human Values for taking principled, creative, and decisive action with accountability

Human Values orientations

This chart lists some of the human values our research has shown that are especially relevant and recognizable in our business context today.

Intention

- Broadmindedness
- Generous spirit
- Higher wisdom
- Meaningful contribution
- Positive outlook
- Seeing the whole
- Self-reflection
- Thoughtful inquiry

Connection

- Caring for others
- Genuine friendliness
- Humble spirit
- No ill will
- Sense of oneness
- Sensitive regard for others
- Thankfulness
- Trust in the goodness of others

Action

- Accountable for one's actions
- Fairness in decisions
- Fulfilling duties
- Harmonizing diverse interests
- Keeping promises
- Purposeful creativity
- Unity of thought, word and action
- Wise use of resources

From the President's desk...

The former President of India, the Honorable A.P. J. Abdul Kalam, has often spoken out about the role of human values as India innovates its way to becoming a fully developed nation.²

“We want to couple the economic prosperity and the human values, which are drawn from this civilizational heritage.”

² From an interview with President A. P. J. Abdul Kalam by the Global Dharma Center, [www. Globaldharma.org](http://www.Globaldharma.org)

From the President's desk...

American President Barack Obama brought human values to the forefront when speaking about the enormous innovative efforts needed today:¹

“Our challenges may be new. The instruments with which we meet them may be new. But those values upon which our success depends – hard work and honesty, courage and fair play, tolerance and curiosity, loyalty and patriotism – these things are old. These things are true. They have been the quiet force of progress throughout our history. What is demanded then is a return to these truths.”

¹http://www.realclearpolitics.com/articles/2009/01/obama_inaugural_address.html

The what, why and how of innovation

Innovation is like nuclear energy. It can be used for good or for harm, depending on the values that shape our underlying motivations.

Human values help us shape the answers to three questions related to innovation:

- “*Why* do I (we) innovate?”
- “*What* do I (we) innovate?”
- “*How* do I (we) innovate?”



Why we innovate - Philips Electronics

Stefano Marzano, Chief Executive of Philips Design in India and his group of 500 professionals from 35 countries are on a mission to execute a design strategy “that will improve the quality of life in both the developed and developing world.”

It's part of an overall, global Philips strategy to transform itself from a high-volume electronics producer into a design-led health, lifestyle, and technology company.



Why we innovate - Philips Electronics

Unmesh Kulkarni and Praveen Mareguddi led a design team at Philips Design, India, who took on the challenge of inventing a wood-burning stove for rural villagers who cook in their homes – one that would greatly reduce the respiratory problems caused by smoke emissions.

They went beyond just innovating a Chulha stove that cuts those emissions by 95% and makes them affordable to those in the villages. They teamed up with non-traditional partners, such as local development agencies, to stimulate job creation, not just consumerism.

These agencies helped set up small roadside manufacturing facilities for the components, which are made from mud, sand and cement and require no costly manufacturing equipment. As its philanthropic contribution to sustainable development Philips Design allows local stakeholders to use the Intellectual Property for free.

What we innovate - Fuji Xerox

In 1993, executives at Fuji Xerox were pondering the depletion of the earth's natural resources and how to reduce the resources used in their copiers.

Drawing from human values such as caring and conservation – inspired to conserve the planet's resources as much as possible – they set a challenging goal: to produce high quality products with reused parts that would be as good as new ones.



Environmental Activities

We strive to reduce the environmental impact in the process of purchasing materials, manufacturing, sales, and logistics, as well as in the customers' offices.

What we innovate - Fuji Xerox

Using the concept of “inverse manufacturing,” they met two innovation challenges...

1. They ensured the quality of recycled parts using new sensors to measure and categorize the conditions of the used parts
2. They used a “recyclable design” process to increase the lifetime of parts over many product generations

As an example of their success, in 2003 they introduced a new digital copy machine that reduced CO2 emissions in the new models' manufacturing process by 75 percent, and 60% of recycled parts were re-used in third-generation models.

Human values guided Fuji Xerox to blaze a new trail in establishing inverse manufacturing as a feasible and responsible way to do business.

How we innovate - Rubicon Consulting

Nilofer Merchant, President of Rubicon, a marketing consulting firm, was working with some Senior Executives to innovate a new marketing strategy, while they were also engaged in developing a new organizational structure.



One day... *“Everyone was talking about this [new marketing strategy] in a very intellectual way..., [and] there was lots of tension in the room, which no one was addressing.”*

How we innovate - Rubicon Consulting

Nilofer became quiet for some time, and then thoughtfully asked the group, “What is it we are not saying? What is it we are not addressing?”

A department VP who had been reluctant to speak said, “I am really afraid about what this will mean for my people.”

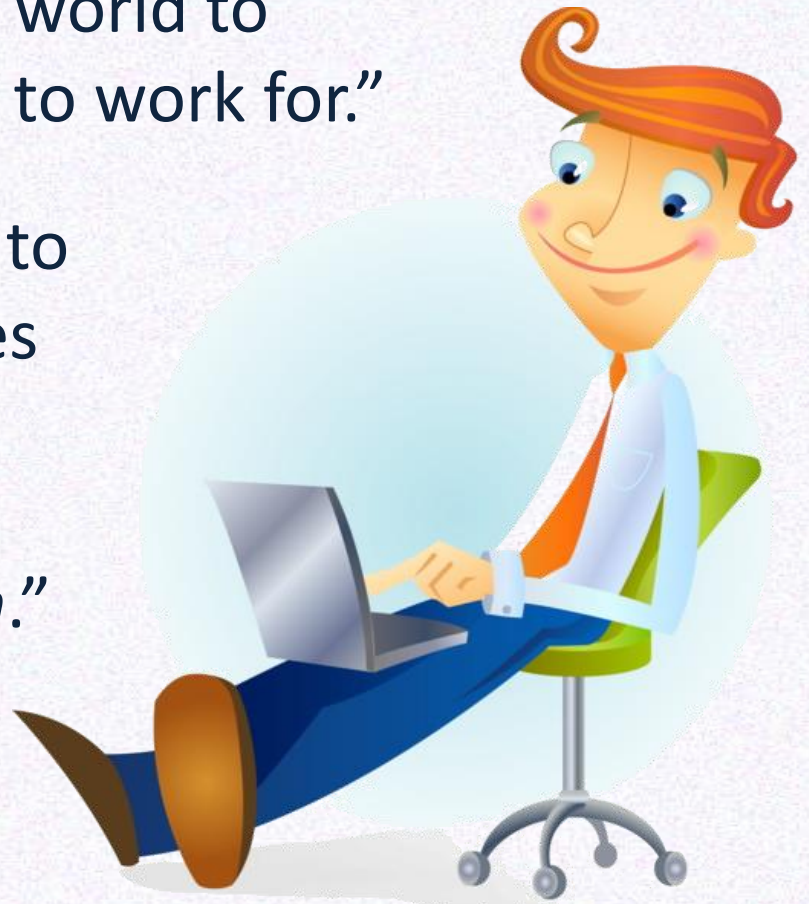
As a result...“People began to step forward and say, ‘I’ll take 50 of your people’ and ‘We’ll take care of them.’ For the first time in that discussion, that VP was able to agree to the new structure, for the benefit of the whole team.”

Nilofer summed up her experience by saying, “*I think this process drew upon people’s goodness. I think sometimes we forget that most people really do want to live in alignment with their values, but they just don’t know how.*”

Great Places to Work Institute

Another example of how human values impact innovation is the Great Places to Work Institute, who conducts surveys all around the world to determine the “best companies to work for.”

Their definition of a great place to work is a place where employees *“trust the people they work for, have pride in what they do, and enjoy the people they work with.”*



Great Places to Work Institute

Their evaluation system is based on employees (not managers) ranking their company on five dimensions:

- The first 3 dimensions are the human values of *credibility*, *respect*, and *fairness* – which together constitute *trust*
- The other 2 dimensions relate to the workplace relationships: pride and camaraderie

Research by the GPW Institute confirms that workplaces ranked high on these dimensions also demonstrate benefits such as “fostering greater innovation, creativity and risk taking.”

Their research also shows that publicly traded companies ranked among the “100 best companies to work for” outperform their peers in the stock market and in average shareholder return – sometimes by 2:1.

Learning and innovating

A discussion about human values and innovation would not be complete without acknowledging the link between innovation and learning.

Learning, in the form of information and knowledge stimulates innovation. In return, innovation gives birth to new learning and knowledge.

Learning and innovating are like inhaling and exhaling:

- Inhaling = learning: acquiring, creating, and sharing new knowledge; converting knowledge to wisdom
- Exhaling = innovating: generating, deciding upon, implementing, and celebrating innovative responses to opportunities and challenges

Learning and innovating

Human values play the key role of asking, “Why are we breathing in the first place?” – and providing the meaning and motivation for this “breathing process.”

Thus, we could say that:

- Learning provides new levels of “*know-what*”
- Innovation produces new levels of “*now what?*”
- Human Values pose the question, “*so what?*”



Values centered innovation

To us, human values play a fundamental role in energizing, motivating, and guiding consistently positive and systemically beneficial innovations.

For this, we've coined the term "values centered innovationtm."

In our view, human values promote our work as whole persons, with whole principles, as we innovate to benefit the whole planet with whole prosperity. They spark the quest for oneness in thought, word, and action. They impel innovation with integrity and conscience.



Values Centered
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Values centered innovation

Values centered innovation is not necessarily easy, and does not always promise glowing success. Yet the process of working by human values can also be uplifting.

At Levi Strauss years ago, they referred to their values as “aspirations” to signify that they might not always live up to them, but the aspirations inspired their best efforts.

They diligently examined all their corporate policies and practices to see if they were aligned with their aspirations. If not, then innovative new processes had to be invented and put into place.

It was a matter of corporate integrity – where the root word for “integrity” means oneness, wholeness.

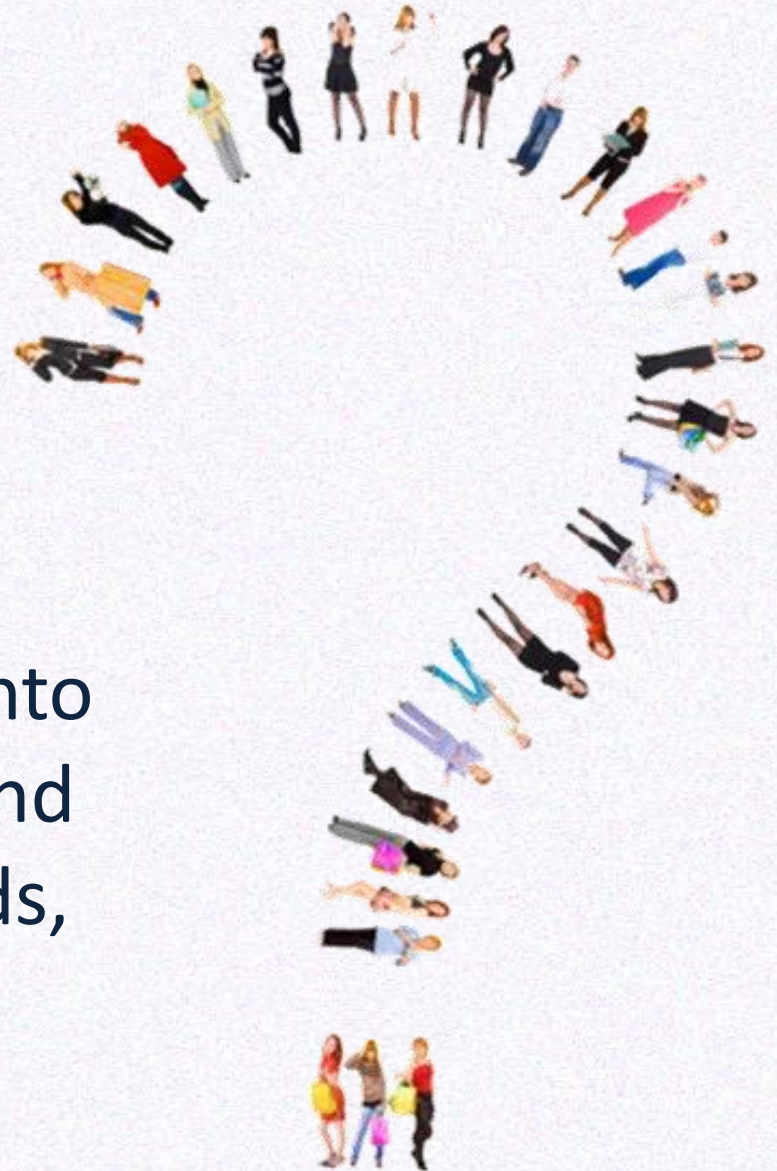
Values centered innovation

To summarize, innovation that is drawn from human values:

- is the application of learning and knowledge
- to develop and implement breakthrough and incremental improvements
- in products/services, processes, knowledge, leadership practices, and stakeholder relations
- that contribute to the well-being of all stakeholders (including society and the environment)
- while generating healthy revenues, optimizing processes, strengthening intellectual capital, inspiring the workforce, focusing leadership, and fostering sustainability
 - ... all intrinsically motivated by personal and organizational human values

Inquiry Questions

We end with a series of questions to you, to take into your own self-reflection and dialogues with your friends, family, and colleagues.



Inquiry Questions

1. When you examine your own work experience, how have human values played a role when you've faced innovative challenges?
2. Which human values have helped define your sense of purpose and meaning for *why* you innovate?
3. Which human values have helped guide your decisions and actions that produce *what* you innovate?
4. Which human values have helped energize your collaboration in *how* you innovate?
5. How could human values enhance the climate for innovation in the team or group you work with most closely?
6. What steps can you take to inspire and empower human values as a source for innovative work in your organization?

